

(1) School Number :	564575
Branch ID :	
(2) Name of School :	LUTHERAN PHILIP HOUSE KAI YIP NURSERY SCHOOL
(3) Name of Sponsoring Body :	Lutheran Philip House Ltd.
(4) School type :	
First year joining KGES	Yes
With / Without non-local classes :	Without
(5) Total number of pages of auditor's report (i.e. 5th item in the contents) :	3
(6) Starting date of school year :	
KG Section - Local classes (dd/mm/yyyy) : (KGES)	01/09/2017
CCC Section (dd/mm/yyyy) :	01/09/2017
(7) Period covered by annual accounts :	
<i>For this submission</i>	
From (dd/mm/yyyy) :	01/09/2017
To (dd/mm/yyyy) :	31/08/2018
Only part of the period under KGES	No
<i>For last submission</i>	
From (dd/mm/yyyy) :	01/09/2016
To (dd/mm/yyyy) :	31/08/2017

**Please read "Points to note for filling the Annual Audited Accounts Excel Template" before filling in the statements.**

Note :

Editable cells (mandatory items)

Editable cells (optional items)

Not applicable cells

Non-editable cells

**LUTHERAN PHILIP HOUSE KAI YIP  
NURSERY SCHOOL**

**AUDITED ACCOUNTS**

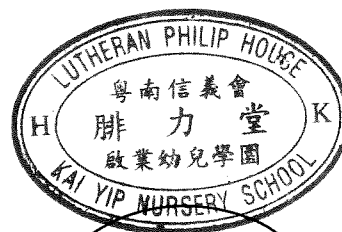
**FOR THE YEAR ENDED 31ST AUG, 2018**

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## SCHOOL SUPERVISOR'S CERTIFICATE

I hereby certify that information and explanation given in Statement 1 to Statement 7 in the Audited Accounts of the school for the accounting year ended 31st Aug, 2018 are true and correct.



Signed by School Supervisor:

Wu Oi Kuen

Please stamp  
School Chop

Name of School Supervisor:

Wu Oi Kuen

Name of School:

LUTHERAN PHILIP HOUSE KAI YIP  
NURSERY SCHOOL

Date:

26 February, 2019



# **Tam Cheung Lai Sheung & Co.**

Certified Public Accountants - Practising

**譚張麗嫦會計師事務所**

Telephone 電話: (852) 2789-1671 Fax 傳真: (852) 2789-1567

E-mail 電子郵件: tamcls@tamcls.com.hk

## **INDEPENDENT AUDITOR'S REPORT**

**Accounts for the year ended 31 August, 2018**

**TO THE SCHOOL MANAGEMENT COMMITTEE OF LUTHERAN PHILIP HOUSE LIMITED**

**RE: KAI YIP NURSERY SCHOOL**

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### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Lutheran Philip House Limited – Kai Yip Nursery School (the “NURSERY”) set out on pages 8 to 24 from statement 1 to 7, which comprise the Income and Expenditure Account, Balance sheet as at 31 August 2018, Statement of Child Care Centre Subsidy Scheme and Subsidy for Manpower Enhancement, Statement of One-off Start-up Grant, Statement of Trading Operations and Statement of Donation Income, if any, and Notes to the Accounts.

#### ***Compliance with Hong Kong Financial Reporting Standards – Disclaimer of Opinion***

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion on Compliance with Hong Kong Financial Reporting Standards* section of our report, we do not express an opinion on the financial statements as to whether they give a true and fair view of the financial transactions of the Nursery during the year ended 31 August 2018 in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

#### ***Compliance with accounting requirements of the Education Bureau EDB***

In our opinion:

- (i) the financial statements are prepared, in all material respect, in accordance with the accounting requirements of the Education Bureau Circular No. 7/2016 Free Quality Kindergarten Education (Ref.: EDB/(KGSD)/KE/1/24(C)), relevant letters, circulars and guidelines issued by the EDB and such instructions as may be given by the Permanent Secretary for Education and reflect the financial transactions of the School during the year ended 31 August, 2018 and the financial position of the Nursery as at 31 August, 2018.
- (ii) during the year ended 31 August, 2018, the Nursery has used the government subventions in accordance with the rules and ambits of the government grants as promulgated in the relevant letters, circulars and guidelines issued by the EDB; and
- (iii) the balances of individual grant accounts as at 31 August 2018 are, in all material respects, correct.

#### **Basis for Opinion**

##### ***Basis for disclaimer of Opinion on Compliance with Hong Kong Financial Reporting Standards***

In accordance with the agreed terms of engagement, our responsibility is to consider whether the financial statements have been properly prepared in accordance with the EDB's related accounting instructions. The School Management Committee, SMC has referred to the EDB's accounting requirements rather than HKFRSs when preparing the financial statements, and has not quantified the departures of these financial statements, and has not quantified the departures of these financial statements from HKFRSs. As it is not practicable for us to quantify the departures, we are unable to fulfil our other responsibility to opine as to whether the financial statements give a true and fair view of the financial transactions of the Nursery.



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## **INDEPENDENT AUDITOR'S REPORT (CONT'D)**

**Accounts for the year ended 31 August, 2018**

**TO THE SCHOOL MANAGEMENT COMMITTEE OF LUTHERAN PHILIP HOUSE LIMITED**

**RE: KAI YIP NURSERY SCHOOL**

### **Basis for Opinion (cont'd)**

#### ***Basis for Opinion on Compliance with the accounting requirements of the EDB***

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the School in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on compliance with the accounting requirements of the EDB.

#### **Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use**

We draw attention to Note 1 to the financial statements, which describes the basis of accounting which has been designed to meet the requirements of the EDB and accordingly is not intended to give a true and fair view of the financial transactions of the School in accordance with HKFRSs, or any other framework designed to provide fair presentation. The financial statements are prepared to assist the Nursery to meet the requirements of the EDB. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### **Responsibilities of School Management Committee and Those Charged with Governance for the financial statements**

The SMC of the Nursery is responsible for the preparation of the financial statements in accordance with the accounting requirements of the EDB, which require the financial statements to be prepared in accordance with its Education Bureau Circular No. 7/2016 and related circulars on the Scheme related accounting instructions, and for such internal control as the SMC determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the SMC is responsible for assessing the Nursery's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the SMC either intends to liquidate the Nursery or to cease operations, or has no realistic alternative but to do so.

In addition, the SMC is responsible to ensure the Nursery has used the government subventions in accordance with the applicable rules issued by the EDB and the correctness of the balances of individual grant accounts. Those charged with governance are responsible for overseeing the School's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

##### ***Compliance with Hong Kong Financial Reporting Standards***

Our responsibility is to conduct an audit of the Nursery's financial statements in accordance with HKSA issued by the HKICPA and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion on Compliance with Hong Kong Financial Reporting Standards* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements on compliance with Hong Kong Financial Reporting Standards.



# **Tam Cheung Lai Sheung & Co.**

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E-mail 電子郵件: tamcls@tamcls.com.hk

## **INDEPENDENT AUDITOR'S REPORT (CONT'D)**

**Accounts for the year ended 31 August, 2018**

**TO THE SCHOOL MANAGEMENT COMMITTEE OF LUTHERAN PHILIP HOUSE LIMITED**

**RE: KAI YIP NURSERY SCHOOL**

### **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

#### *Compliance with the accounting requirements of the EDB*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are also engaged to report as to whether the Nursery has used the government subvention in accordance with the applicable rules issued by the EDB and whether the balances of individual grant accounts are, in all material respects, correct.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess then risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nursery's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the SMC.
- Conclude on the appropriateness of the SMC's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nursery ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nursery to cease to continue as going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In forming our opinion on the use of government subventions, our opinion thereon was based on the evidence obtained during the course of our audit of the financial statements, and when reporting on the balances of individual grant accounts, we report as to whether they are, in all material respects, correct in so far as the balances agree to the books and records made available to us.

Tam Cheung Lai Sheung & Co

*Tam Cheung Lai Sheung & Co*

Certified Public Accountants, Practising

Hong Kong, 26 February, 2019



Room 906, Nathan Centre, 580G-K<sup>7</sup> Nathan Road, Kowloon, Hong Kong.

香港九龍彌敦道580G-K號彌敦中心906室

**INCOME AND EXPENDITURE ACCOUNT**  
FOR THE PERIOD FROM 1ST SEP, 2017 TO 31ST AUG, 2018

		KG Scheme Funds (under Kindergarten Education Scheme (KGES)) (Remark 1)										School Funds (Remark 1)				Total		
		Local Kindergarten Section										Optional (Remark 2)						
		Teacher Salary Related Subsidy		Premises Related Subsidy (Premises Maintenance Grant related)		Premises Related Subsidy (Others)		Other Operating Expenses Related Subsidy		Grant for Support to Non -Chinese Speaking (NCS) Students	Grant for a Cook	Sub-total	Local Kindergarten Section	Child Care Centre Section	Non-local Kindergarten Section	Sub-total	2017/18	2016/17
Statement		Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income																		
	Unit subsidy		2,814,300					-	1,876,150			4,690,450					4,690,450	
	Tide-over grant		193,417									193,417					193,417	
	Premises maintenance grant			-	-							-					-	
	Rental Subsidy / rent reimbursement											-		198,000	-	198,000	198,000	207,000
	Reimbursement of government rent and rates											-		20,699	-	20,699	20,699	22,700
	Grant for support to NCS Students									-		-					-	
	Grant for a cook										189,060	189,060					189,060	
	Subsidy from PEVS																-	1,974,540
	School fee from parents and fee remission												-	335,648	-	335,648	335,648	1,811,556
	Subsidy under Child Care Centre Subsidy Scheme	3												42,882		42,882	42,882	41,714
	Subsidy for Manpower Enhancement	3												80,691		80,691	80,691	
	Other income	7 - Note 5						-	-			-	13,650	642,328	-	655,978	655,978	597,653
Total Income		-	3,007,717	-	-	-	-	-	1,876,150	-	189,060	5,072,927	13,650	1,320,248	-	1,333,898	6,406,825	4,655,163
Expenditure																		
	Teacher salary related expenses																	
	Principal and teaching staff salary and related expenses																	
	Salaries and Provident Fund / Mandatory Provident Fund		3,368,906									3,368,906	-	276,123	-	276,123	3,645,029	2,855,959
	Severance / long service payment		-									-	-	-	-	-	-	-
	Premises related expenses																	
	Depreciation of school premises	7 - Note 3		-	-							-	-	-	-	-	-	-
	Major repairs and maintenance of school premises paid by premises maintenance grant			-	-							-	-	-	-	-	-	-
	Rental of school premises											-	-	198,000	-	198,000	198,000	198,000
	Rates and government rent											-	-	20,700	-	20,700	20,700	22,700
	Other operating expenses																	
	Non-teaching staff salary and related expenses																	
	Salaries and Provident Fund / Mandatory Provident Fund								836,374			836,374	-	124,385	-	124,385	960,759	893,513
	Severance / long service payment								-			-	-	-	-	-	-	-
	Salary and related expenses for supporting staff to NCS students											-					-	
	Other expenditure for support to NCS students											-					-	
	Salary and related expenses for cook										161,157	161,157					161,157	
	Major repairs and maintenance (for items costing \$8,000 or above each)								-			-	-	-	-	-	-	-
	Depreciation of fixed assets																	
	Leasehold improvements	7 - Note 3							-			-	-	-	-	-	-	-
	Furniture/ Equipment/ Fixtures/ Fittings	7 - Note 3							2,478			2,478	23,037	1,349	-	24,386	26,864	24,717
	Computer hardware and software	7 - Note 3							-			-	30,998	-	-	30,998	30,998	32,136
	Others	7 - Note 3															-	-
	Teaching consumables								2,400			2,400	-	297	-	297	2,697	2,304
	Expenses on regular learning activities for all students								97,246			97,246	-	10,767	-	10,767	108,013	88,889
	Water and electricity								45,675			45,675	-	5,645	-	5,645	51,320	54,426
	Supervisor's Remuneration								-			-	-	-	-	-	-	-
	Set up expenses								-			-	-	-	-	-	-	-
	Other expenditure	7 - Note 6						-	218,050			218,050	-	237,912	-	237,912	455,962	403,602
Total Expenditure		-	3,368,906	-	-	-	-	-	1,202,223	-	161,157	4,732,286	54,035	875,178	-	929,213	5,661,499	4,576,246



INCOME AND EXPENDITURE ACCOUNT  
FOR THE PERIOD FROM 1ST SEP, 2017 TO 31ST AUG, 2018

		KG Scheme Funds (under Kindergarten Education Scheme (KGES)) (Remark 1)											School Funds (Remark 1)				Total	
		Local Kindergarten Section											-----Optional (Remark 2)-----					
		Teacher Salary Related Subsidy		Premises Related Subsidy (Premises Maintenance Grant related)		Premises Related Subsidy (Others)		Other Operating Expenses Related Subsidy		Grant for Support to Non-Chinese Speaking (NCS) Students	Grant for a Cook	Sub-total	Local Kindergarten Section	Child Care Centre Section	Non-local Kindergarten Section	Sub-total	2017/18	2016/17
Statement		Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session	Half-day session	Whole-day / Long whole-day session				\$	\$	\$	\$	\$	\$
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
Surplus / (Deficit) from operation		-	(361,189)	-	-	-	-	-	673,927	-	27,903	340,641	(40,385)	445,070	-	404,685	745,326	78,917
Profit / (Loss) from trading operations	5															9,320	9,320	11,102
Donation income	6															-	-	-
Surplus / (Deficit) for the year		-	(361,189)	-	-	-	-	-	673,927	-	27,903	340,641	(40,385)	445,070	-	414,005	754,646	90,019
Accumulated surplus / (deficit) brought forward from previous year			-	-	-				-	-		-	(45,372)	-	-	(45,372)	(45,372)	(135,391)
(Please specify the reason)	1A																	-
(Please specify the reason)																	-	
(Please specify the reason)			-	-	-					-		-	-	-	-	-	-	
(Please specify the reason)			-	-	-					-		-	-	-	-	-	-	
Deficit for the year transferred to : Other Operating Expenses Related Subsidy School Funds			361,189	-	-				(361,189)	-		-					-	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deficit from One-off Start-up Grant	4											-				-	-	-
Transfer from / (to) other reserves	7 - Note 7												-	-	-	-	-	-
Surplus / (Deficit) for the year after transfer		-	-	-	-	-	-	-	312,738	-	27,903	340,641	(85,757)	445,070	-	368,633	709,274	(45,372)
Amount to be clawed back by Education Bureau for the year	7 - Note 8		-	-	-					-		-					-	
Surplus / (Deficit) carried forward to next year	2	-	-	-	-	-	-	-	312,738	-	27,903	340,641	(85,757)	445,070	-	368,633	709,274	(45,372)

Remarks:

1. KG Scheme Funds and School Funds mean "income from government subsidies/grants" and "non-government funds" respectively as stated in the Education Bureau Circular No. 7/2016 and related circulars on the Scheme.
2. It is optional for schools to further apportion the income and expenditure items under School Funds to local kindergarten section, non-local kindergarten section and child care centre section.

## BALANCE SHEET

		2017/18	2016/17
	Statement	As at 31st Aug, 2018	As at 31st Aug, 2017
		\$	\$
<b>Non-current Assets</b>			
Fixed Assets	7 - Note 3	7,654	54,036
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
		7,654	54,036
<b>Current Assets</b>			
Stocks	5	56,121	60,966
Accounts receivable and prepayments		45,694	19,872
Bank deposits with original maturities over three months			
Cash and cash equivalents		971,189	485,907
Others (Rental & Utility Deposit)		14,060	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
		1,087,064	566,745
<b>Current Liabilities</b>			
School fees received in advance		44,425	76,500
Accounts payable and accruals		94,406	322,453
Amount refundable to Education Bureau	7 - Note 8	-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
		138,831	398,953
<b>Net Current Assets / (Liabilities)</b>		948,233	167,792
<b>Non-current Liabilities</b>			
Bank loan		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
Others (Please specify)		-	-
		-	-
<b>Total Assets net of Current Liabilities</b>		955,887	221,828

## BALANCE SHEET

		2017/18	2016/17
	<i>Statement</i>	<u>As at 31st Aug, 2018</u>	<u>As at 31st Aug, 2017</u>
		\$	\$
<b>Reserves</b>			
Accumulated surplus / (deficit)	<i>1</i>	368,633	(45,372)
Other reserves <i>(Please specify)</i>	<i>7 - Note 7</i>	-	-
Other reserves <i>(Please specify)</i>	<i>7 - Note 7</i>	-	-
Other reserves <i>(Please specify)</i>	<i>7 - Note 7</i>	-	-
Other reserves <i>(Please specify)</i>	<i>7 - Note 7</i>	-	-
Other reserves <i>(Please specify)</i>	<i>7 - Note 7</i>	-	-
		<u>368,633</u>	<u>(45,372)</u>
<b>Retained Surplus</b>			
Subsidies / grants from Education Bureau			
Subsidies / grants under Free Quality Kindergarten Education Scheme	<i>1</i>	340,641	
One-off Start-up Grant	<i>4</i>	246,613	267,200
		<u>587,254</u>	<u>267,200</u>
<b>Total Reserves and Retained Surplus</b>		<u><u>955,887</u></u>	<u><u>221,828</u></u>

## STATEMENT OF CHILD CARE CENTRE SUBSIDY SCHEME AND SUBSIDY FOR MANPOWER ENHANCEMENT

	<i>Statement</i>	From 1st Sep, 2017 to 31st Aug, 2018 \$	From 1st Sep, 2016 to 31st Aug, 2017 \$
<b>Income</b>			
Subsidy received under the Child Care Centre Subsidy Scheme ( <i>Remark 1</i> )	1	42,882	41,714
Subsidy for Manpower Enhancement ("SME") ( <i>Remark 2</i> )	1	80,691	
<b>Total Income</b>		123,573	41,714
<b>Expenditure</b>			
Salary and provident fund / mandatory provident fund ( <i>Remarks 1 and 2</i> )			
Child care supervisor's ("CCS's") salaries		26,720	-
Child care workers' ("CCW's") salaries		270,382	285,882
Employer's Contribution to Provident Fund Scheme / Mandatory Provident Fund Scheme for CCSs and CCWs		12,771	14,294
<b>Total expenditure</b>		309,873	300,176
<b>Surplus (<i>Remark 3</i>) / (Deficit)</b>			
Surplus refundable to Education Bureau ("EDB") / (Deficit) for the period		(64,649)	(258,462)
Surplus refundable to Social Welfare Department ("SWD") / (Deficit) for the period		(121,651)	
<b>Total surplus / (deficit)</b>		(186,300)	(258,462)

**Remark :**

1. According to EDBC No. 3/2008, the subsidy under the Child Care Centre Subsidy Scheme (CCCCSS) should be spent solely on CCS's / CCW's salaries and Provident Fund / Mandatory Provident Fund expenses.
2. According to SWD's notification letter issued to schools, the SME should be spent solely on CCS's / CCW's salaries and Provident Fund / Mandatory Provident Fund expenses and it has to be spent in the school year to which it is granted.
3. Any unspent amount of the allocation will be clawed back by the Government of the Hong Kong Special Administrative Region ("the Government") after the review of the annual audited accounts. If the CCC service of the aided KG-cum-CCC is terminated, the entire unspent subsidy based on the audited accounts as at the date of closure will be clawed back by the Government. The surplus from CCCCCSS and SME will be calculated on pro-rata basis and returned to EDB and SWD accordingly.

## STATEMENT OF ONE-OFF START-UP GRANT

	<i>Statement</i>	From 1st Sep, 2017 to 31st Aug, 2018 \$	From 1st Sep, 2016 to 31st Aug, 2017 \$
<b>Income</b>			
Grant received		-	267,200
<b>Expenditure</b>			
For the implementation of Free Quality Kindergarten Education Scheme			
Additional staff salaries and related expenses		-	-
Hiring of services		-	-
Furniture and equipment for additional teachers		20,587	-
Small-scale renovations			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
Others (Please specify)			-
<b>Total Expenditure</b>		20,587	-
<b>Surplus / (Deficit) for the period</b>		(20,587)	267,200
Surplus brought forward from previous period	2	267,200	-
Deficit transferred to Income and Expenditure Account (Remark 1)	1	-	-
<b>Surplus for the period after transfer</b>		246,613	267,200
Amount refundable to Education Bureau (Remark 2)	7 - Note 8	-	-
<b>Surplus carried forward to next period</b>	2	246,613	267,200

**Remark:**

1. Deficit should be borne by the surplus (if any) from other operating expenses related subsidy (i.e. 40% of the basic unit subsidy) and then by School Funds.
2. Any surplus at at 31<sup>st</sup> July, 2019 or the date of closure / withdrawal / exclusion of the KG from the Scheme, whichever is earlier, should be returned to Education Bureau.

**STATEMENT OF TRADING OPERATIONS**  
**FOR THE PERIOD FROM 1ST SEP, 2017 TO 31ST AUG, 2018**

Statement	Textbook \$	Exercise book \$	School bus \$	School uniform \$	School Bag \$	Bedding \$	Activity outside regular school hours \$	Stationery \$	Teaching/ Learning material \$	Snack/Food/ Refreshment \$	Lable etc. \$	Publication \$	BB & Other \$	Total \$
<b>Income (Remark 1)</b>	103,343	36,416	-	39,445	2,606	8,548	-	18,223	28,053	-	8,676	7,356	5,075	257,741
<b>Cost of Sales</b>														
Opening stock	-	2,792	-	38,487	2,280	2,156	-	12,574	335	-	738	-	1,604	60,966
Add : Purchases	106,500	35,067	-	28,490	4,700	7,400	-	17,268	25,164	-	8,177	7,100	3,710	243,576
Others (Please specify)														-
Others (Please specify)														-
Others (Please specify)														-
Others (Please specify)														-
Others (Please specify)														-
Others (Please specify)														-
Less: Closing stock	3,155	1,815	-	29,568	4,710	2,109	-	12,944	156	-	1,164	-	500	56,121
<b>Total Cost of Sales</b>	103,345	36,044	-	37,409	2,270	7,447	-	16,898	25,343	-	7,751	7,100	4,814	248,421
<b>Profit/ (Loss) for the year</b>	(2)	372	-	2,036	336	1,101	-	1,325	2,710	-	925	256	261	9,320
Profit / (Loss) as a % of total cost of sales (Remark 2)	0.00%	1.03%		5.44%	14.80%	14.78%		7.84%	10.69%		11.93%	3.61%	5.42%	3.75%

**Remark:**

- Any discount or block sum of money received from trading operators / suppliers should be entered into school accounts as income. Parents should be notified in advance of such sum.
- According to EDBC No. 16/2013, no profit should be generated from sale of textbooks. The profit from the sale of other school items and provision of paid services should be limited to 15% of total costs involved.

## STATEMENT OF DONATION INCOME

	<i>Statement</i>	From 1st Sep, 2017 to 31st Aug, 2018 \$	From 1st Sep, 2016 to 31st Aug, 2017 \$
<b>Donation Income</b>		-	-
<b>Expenditure</b> <i>(Remark 1)</i>			
Extra-curricular activities		-	-
Purchase of teaching equipment		-	-
Repairs and maintenance		-	-
Scholarship		-	-
Others <i>(Please specify)</i>		-	-
Others <i>(Please specify)</i>		-	-
Others <i>(Please specify)</i>		-	-
Others <i>(Please specify)</i>		-	-
Others <i>(Please specify)</i>		-	-
Others <i>(Please specify)</i>		-	-
Others <i>(Please specify)</i>		-	-
Others <i>(Please specify)</i>		-	-
Others <i>(Please specify)</i>		-	-
<b>Total Expenditure</b>		-	-
<b>Unspent balance</b> <i>(Remark 2)</i>	<i>1</i>	-	-

**Remark :**

1. Expenditure which cannot be fully covered by donation should be recognised in the income and expenditure account (Statement 1).
2. Unspent balance should be transferred to the Income and Expenditure Account.

## NOTES TO THE ACCOUNTS

### 1. General Information

The principal activity of the school is to provide kindergarten and nursery educational services.

The school has joined the Kindergarten Education Scheme (“the Scheme”) of the Education Bureau since 2017/18 school year and has undertaken to fulfil the terms and conditions of the Scheme.

### 2. Basis of Preparation

This set of accounts has been prepared in accordance with the requirements set out in relevant letters, circulars and guidelines issued by the Education Bureau for the Scheme. All amounts are presented in Hong Kong dollars.

The school has maintained separate books of accounts to record the income, expenditure and transactions of each type of subsidies and grants received under the Scheme (named as KG Scheme Funds (“KGSF”)), as well as those of the kindergarten and nursery (if applicable) operation but not covered by the scheme (named as School Funds (“SF”)). The statements included in this set of accounts are prepared on the basis of these books of accounts and where applicable, report separately the income, expenditure and operating surplus / deficit for different sections (kindergarten and child care centre), streams (local and non-local curriculum) and sessions (half-day, whole-day and long whole-day) as specified by the Education Bureau.

In preparing the statements, the school has strictly followed the principles below :

- (i) All direct expenses which can be separately attributable to KGSF or SF are fully taken up and borne by such fund, and recorded directly in the accounts for the related sections, streams and sessions;
- (ii) Identifiable local kindergarten expenses which are not allowable in / chargeable to KGSF are fully borne by SF;
- (iii) Salaries and related expenses of principal and teaching staff are allocated to KGSF and SF according to their relative duties in different sections and streams as designated by the school. The apportionment ratio adopted by the school during the year was :

Child Care Centre (if applicable)		Local Kindergarten Classes		Non-Local Kindergarten Classes (if applicable)
11%	:	89%	:	

- (iv) Expenses incurred on a school basis are allocated to KGSF and SF based on yearly from 1st September, 2017 to 31st August, 2018 average student enrolments of respective sections and streams; and
- (v) All expenses allocated to local kindergarten section are further allocated, if applicable, to different sessions based on respective yearly average student enrolments and the ratio of half-day to whole-day / long whole-day expenditure per student. The ratio adopted by the school during the year was:

Half-day		Whole-day/ Long whole-day
	:	Not applicable (1.6 to 2 , please specify)



## LUTHERAN PHILIP HOUSE KAI YIP NURSERY SCHOOL

## NOTES TO THE ACCOUNT

## 2. Basis of Preparation (cont'd)

## 2.1 Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Nursery and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Furniture, fixtures, equipment and decoration	25% - 33.33% per annum
Computer hardware and software	33.33% per annum

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## 2.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposited held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

## 2.4 Employee benefits

Employee benefits represent short term employee benefits and contributions to defined contribution retirement plans.

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

## NOTES TO THE ACCOUNTS

## 3. Fixed Assets

	School premises	Leasehold improvements	Furniture/ Equipment/ Fixtures/ Fittings	Computer hardware and software	Others	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
As at 1st Sep, 2017			154,714	98,262		252,976
Additions ( <i>Remark 1</i> )	-	-	11,480	-		11,480
Transfer ( <i>Remark 1</i> )			-		-	-
Disposals			-			-
Written off			-			-
As at 31st Aug, 2018	-	-	166,194	98,262	-	264,456
<b>Accumulated Depreciation</b>						
As at 1st Sep, 2017			131,676	67,264		198,940
Depreciation						
KG Scheme Funds	-	-	2,478	-		2,478
School Funds	-	-	24,386	30,998		55,384
	-	-	26,864	30,998		57,862
Transfer ( <i>Remark 1</i> )			-		-	-
Disposals						-
Written off						-
As at 31st Aug, 2018	-	-	158,540	98,262	-	256,802
<b>Net Book Value</b>						
As at 1st Sep, 2017	-	-	23,038	30,998	-	54,036
As at 31st Aug, 2018	-	-	7,654	-	-	7,654
Threshold amount ( <i>Remark 2</i> )		-	3,000	3,000	-	
Depreciation Rate (%)			33.3%	33.3%		

**Remark :**

- From 2017/18 school year onwards, fixed assets (including items brought forward or newly acquired items) must be grouped under 4 categories, namely School premises, Leasehold improvements, Furniture/ Equipment/ Fixtures/ Fittings, and Computer hardware and software. Therefore, any items brought forward under the category of "Others" must be transferred to these 4 categories.
- Please provide the threshold amount (i.e. if the relevant expenditure is up to or in excess of that amount, the item acquired would be treated as fixed assets) for each type of assets.

## NOTES TO THE ACCOUNTS

## 4. Details of Additions of Fixed Assets

	Date of purchase/ commission	From 1st Sep, 2017 to 31st Aug, 2018 Cost \$
(i) School premises		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
		-
(ii) Leasehold improvements		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
		-
(iii) Furniture/ Equipment/ Fixtures/ Fittings		
Towngas 煮食爐	11/12/2017	3,130
Giannia - 屏風	11/12/2017	4,100
歷山 - 過膠機	20/8/2018	4,250
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
		11,480
(iv) Computer hardware and software		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
		-
(v) Others (Remark 1)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
(Please specify)		
<b>Total</b>		<b>11,480</b>

Remark :

- From 2017/18 school year onwards, fixed assets (including items brought forward or newly acquired items) must be grouped under 4 categories, namely School premises, Leasehold improvements, Furniture/ Equipment/ Fixtures/ Fittings, and Computer hardware and software. Therefore, any items brought forward under the category of "Others" must be transferred to these 4 categories.

## 5. Other Income

## 6. Other Expenditure

	From 1st Sep, 2017 to 31st Aug, 2018			
	KG Scheme Funds	School Funds		
	Half-day session	Whole-day /Long whole-day session	2016 to 31st Aug, 2017	
	\$	\$	\$	
Advertisement		1,246	154	5,040
Audit fee		16,465	2,035	16,800
Bank interest and charges		4,159	421	4,364
Cleaning		63,526	7,852	50,725
Communication (e.g. telephone, fax line and internet service charges)		10,339	1,278	11,226
Furniture and equipment and teaching aids other than those included in the fixed assets		17,297	1,585	9,257
Insurance		18,795	2,323	19,777
First aid and fire safety equipment		10,004	1,236	13,990
Expenses on meal preparation			212,167	180,935
Minor repair and maintenance (for items costing \$8,000 below)		35,265	4,358	53,167
Printing and stationery		27,354	3,381	20,136
Printing materials for school use such as publications, student handbooks, learning profiles, graduation certificates and student identity cards		-	-	5,200
Transportation fees for school administration purposes		2,262	280	3,965
Deficit of projects subvented by other government departments, organisations or funds			-	-

### 6. Other Expenditure (Cont'd)

- 21 -

NOTES TO THE ACCOUNTS

7. Other Reserves

As at 1st Sep, 2017

Transfer from/(to) Income and Expenditure Statement (Statement 1)

*(Please specify the nature)*

*(Please specify the nature)*

*(Please specify the nature)*

*(Please specify the nature)*

As at 31st Aug, 2018

Other reserves (Please specify)	Other reserves (Please specify)	Other reserves (Please specify)	Other reserves (Please specify)	Other reserves (Please specify)	Total
\$	\$	\$	\$	\$	\$
					-
					-
					-
					-
					-
					-
-	-	-	-	-	-



## NOTES TO THE ACCOUNTS

## 9. Related party transactions

	From 1st Sep, 2017 to 31st Aug, 2018 \$	From 1st Sep, 2016 to 31st Aug, 2017 \$
(i) Amount due from related parties		
School sponsoring body <i>(Please specify its name and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
	-	-
(ii) Amount due to related parties		
School sponsoring body <i>(Please specify its name and nature of transaction)</i>	-	300,000
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
	-	300,000
(iii) Receipt from related parties during the year		
School sponsoring body <i>(Please specify its name and nature of transaction)</i>	300,000	-
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
	300,000	-
(iv) Payment to related parties during the year		
School sponsoring body <i>(Please specify its name and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
Others <i>(Please specify name of the party and nature of transaction)</i>		
	-	-